

CURRENT STATUS OF ALL COMPLETED CALPERS REAL ESTATE EQUITY TRANSACTIONS FOR OCTOBER 2005

ADVISOR	PROPERTY TYPE	PROPERTY NAME	CITY	STATE	MOST RECENT APPRAISED VALUE *	ACQUISITION DATE **	DISPOSITION DATE **	HISTORIC COST *	CALPERS SHARE OF TRANSACTION AMOUNT	ESTIMATED AFTER FEE IRR *	STATUS/ COMMENTS
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DISPOSITIONS

LaSalle/CalEast	Industrial	Chicago Land Holdings - p/s	Bolingbrook	IL	N/A	10/15/01	10/07/05	N/A	26,152,897	N/A	Disposition
Rreef/CalSmart	CURE	Bloomfield - Building 3 - p/s	Santa Fe Springs	CA	N/A	04/22/04	10/12/05	N/A	730,359	N/A	Disposition
Rreef/CalSmart	CURE	Bloomfield - Building 5 - p/s	Santa Fe Springs	CA	N/A	04/22/04	10/13/05	N/A	806,028	N/A	Disposition
Rreef/CalWest	Industrial	5100 West 82nd Street - p/s	Minneapolis	MN	N/A	12/12/01	10/13/05	N/A	3,917,185	N/A	Disposition
Rreef/CalSmart	CURE	Oakesdale Commerce - p/s	Renton	WA	N/A	12/23/03	10/14/05	N/A	778,548	N/A	Disposition
Rreef/CalSmart	CURE	Bloomfield - Building 2 - p/s	Santa Fe Springs	CA	N/A	04/22/04	10/18/05	N/A	674,674	N/A	Disposition
Rreef/CalSmart	CURE	Sierra Gateway Bldg 2 & 5 p/s	Fontana	CA	N/A	09/17/04	10/18/05	N/A	15,363,170	N/A	Disposition
Rreef/CalWest	Industrial	Airport Business Park - p/s	Tustin	CA	N/A	11/21/00	10/25/05	N/A	9,776,253	N/A	Disposition
LaSalle/CalEast	Industrial	Baltimore Land Holdings - p/s	Baltimore	MD	N/A	06/27/03	10/26/05	N/A	9,680,816	N/A	Disposition
Rreef/CalWest	Industrial	Alondra Business Park - p/s	Cerritos	CA	N/A	11/21/00	10/28/05	N/A	10,431,653	N/A	Disposition
WRF-GID	Apartment	Windsor at Ontario Place	Chicago	IL	113,282,400	07/31/00	10/28/05	95,041,988	116,286,101	8.3%	Disposition

Total :	113,282,400	95,041,988	194,597,684
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ACQUISITIONS ***

Rreef/CalSmart	CURE	Galveston 10	Chandler	AZ	N/A	10/03/05	N/A	N/A	14,548,353	15.2%	Acquisition
Hines/NOP	Office	Pacific Plaza	San Diego	CA	N/A	10/03/05	N/A	N/A	79,991,251	10.5%	Acquisition
Buchanan Street	CURE	Folsom Shopping Center	Folsom	CA	N/A	10/07/05	N/A	N/A	8,190,240	15.3%	Acquisition
Buchanan Street	CURE	South Coast Furniture	Orange County	CA	N/A	10/07/05	N/A	N/A	10,179,820	17.2%	Acquisition
LaSalle/CalEast	Industrial	Sunset LV Land Holdings	Las Vegas	NV	N/A	10/11/05	N/A	N/A	10,760,400	10.7%	Acquisition
Buchanan Street	CURE	Colonial Texas Portfolio	Various	TX	N/A	10/21/05	N/A	N/A	19,568,223	16.3%	Acquisition
LaSalle/CalEast	Industrial	7040 East 56th Avenue	Commerce City	CO	N/A	10/28/05	N/A	N/A	2,793,519	9.5%	Acquisition

Total :	-	-	146,031,806
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Footnotes

- * The most recent appraised values and historic cost values represent CalPERS' share only.
- * Based upon data provided by partners.
- ** Based on funding settlement date.
- *** See brief descriptions - As attached.

NEW ACQUISITION SUMMARY

Advisor/Partnership Name:	RREEF/CalSmart
Property Name:	Galveston 10
City, State	Chandler, AZ
Ownership:	95.0% CalSmart LLC
Acquisition Date:	October 4, 2005
Total Project Size:	36.95 Acres
Net rentable area sf	535,213 SF
Project Purchase Price	\$14,548,353.00

Investment Summary:

Galveston 10 includes the renovation of three existing buildings totaling 157,573 square feet, demolishing four existing buildings totaling 70,301 square feet, and the development of six Class A industrial buildings totaling 377,640 square feet. The project is designed to serve a target range of tenant sizes between 10,000 to 25,000 square feet with a variety of bay depths, clear heights, office build-outs and loading capabilities. The transaction represents an opportunity to purchase land and existing buildings at an attractive price in the Southeast Phoenix submarket of Chandler.

Galveston 10 is an infill industrial development with excellent freeway visibility and access. The Project consists of nine multi-tenant industrial buildings, with an overall parking ratio of 2.4 per 1,000, building sizes range from 44,100 square feet to 88,080 square feet, the average office build-out is 35 percent, and clear heights are 14 feet to 28 feet.

The investment will be structured as a joint venture between CalSmart and Lincoln Property Company. Ownership will be 95 percent CalSmart and 5 percent Lincoln; however, interests and contributions are 97.5 percent CalSmart and 2.5 percent Lincoln until debt financing is obtained. CalSmart will be the managing member of the limited liability company.

Estimated After Fee Leveraged Internal Rate of Return:	15.2%
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NEW ACQUISITION SUMMARY

Advisor/Partnership Name:	Hines (National Office Partners Limited Partnership)
Property Name:	Pacific Plaza
City, State	San Diego, California
Ownership:	3 building 100% owned by NOP Pacific Plaza VSP, LLC
Acquisition Date: assumption	Projected as October 3, 2005 – dependent on loan
Total Project Size:	1 four-story, 2 three-story buildings and two parking structures on three adjacent land parcels covering approximately 8.07 acre (or 351,529 square feet).
Net rentable area sf	219,040
Project Purchase Price:*	\$ 92,120,000

Property Highlights/Investment Summary:

Well located on an elevated site that 1) is highly visible from Interstate 5 and 2) has views of the Torrey Pines bluffs and Pacific ocean.

One retail center and hotel being completed nearby creating an improved amenity base, and two on/off ramps being constructed on I-5 at nearby Carmel Mountain Road.

Good access to nearby executive housing.

Del Mar Heights is a premier submarket in San Diego and it is approaching full build-out. Additionally, remaining development sites are being met with increasing opposition from local residents. The tenant base in this submarket is less price sensitive than many others (i.e. not back-office space users). These barriers coupled with the desirable location will allow for strong rental rate growth that is well in excess of inflation thereby increasing value.

Projected After Fee Leveraged Internal Rate of Return: 10.5%

NEW ACQUISITION SUMMARY

Advisor/Partnership Name: Buchanan Street Partners
Property Name: Folsom Shopping Center
City, State: Folsom, CA
Ownership: Folsom-Central, LLC
Acquisition Date: October 7, 2005
Total Project Size: 8 Building Retail Shopping Center
Net rentable area sf: 139,000 sf
Gross Purchase Price:*\$14,457,600

Property Highlights/Investment Summary:

The Property is a high quality, 139,000 square foot power-type center well located in downtown Folsom.

Shadow anchored by a Wal-Mart and anchored by an Office Max (24K SF), Blockbuster (6K SF) and a Raley's bulk grocer (56K SF). In addition the Property is adjacent to a recently constructed Kohl's anchored center.

The Folsom trade market includes some of the best demographics in the Sacramento region (Folsom, El Dorado Hills, Granite Bay and Orangevale). Folsom has over 3 million SF of retail that is approximately 99% leased.

Plan to invest \$350,000 in cosmetic renovation of the 14-year-old Property (new signage, paint, landscaping, and sidewalk & parking lot rejuvenation).

Reposition property through re-tenanting of the existing underperforming Raley's anchor and inline tenants.

Increase shop space rents to compete with comparable properties in the market (currently 30% below market).

After increasing NOI by a projected \$1.1 million, sell the Property at the end of month 39.

Estimated After Fee Internal Rate of Return: 15.3%

*Represents CalPERS' share only.

NEW ACQUISITION SUMMARY

Advisor/Partnership Name: Buchanan Street Partners

Property Name: South Coast Home Furnishings Center

City, State: Costa Mesa, CA

Ownership: South Coast Home Furnishings Center, LLC

Acquisition Date: August 24, 2005

Total Project Size: Proposed 9 buildings to contain approx. 45 tenants

Net rentable area sf: 300,000 sf

Gross Purchase Price:* \$10,179,820

Property Highlights/Investment Summary:

The Property consists of a 20.5-acre site along the 405 Freeway that is currently home to a 330,000 square foot State Farm office building. This building will be demolished and an approximately 300,000 square foot home furnishing and interior design center will be developed.

The center will consist of approximately 45 home furnishing showrooms in 9 concrete tilt-up buildings ranging from 5,500 to 35,000 square feet. It will also include a food court, pedestrian walkways and centralized parking.

The Property has 800 feet of frontage along the 405 Freeway, with an average daily traffic count of approximately 320,000 cars per day. Additionally, it is in close proximity to I-5, SR-73 Toll Road and the 55 Freeway, providing easy access to and from all surrounding destinations. The Property's location near South Coast Plaza, the second largest retail center in the country, will greatly enhance the consumer traffic flow to the Property.

Upon completion in month 18, the Sponsor will begin to market the Property for sale. Buchanan has assumed that the Property is sold in month 30 for \$84.1MM or \$280 PSF, which is based on a 7.75% exit cap rate.

Estimated After Fee Internal Rate of Return: 17.2%

(please provide a leveraged IRR when using property level debt)

*Represents CalPERS' share only.

NEW ACQUISITION SUMMARY

Advisor/Partnership Name: LaSalle Investment Management

Property Name: Sunset LV Land Holdings

City, State: Las Vegas, Nevada

Ownership: CalEast and Panattoni Development Company JV

Acquisition Date: October 11, 2005

Total Project Size: 22.6 acres of land

Land Purchase Price:* \$ 10,760,400

Property Highlights/Investment Summary:

The subject is a 22.5 acre land site in the Centra Park West development in southwestern Las Vegas, NV. The intent is to build for-sale and for-lease industrial and single story office units totaling 324,458 square feet. The construction will take place in two phases, with the first completing in December 2006 and the second in December 2007. The underwriting assumes the units are sold 6 months after construction is completed, resulting in an overall project hold period of 3 years.

The industrial base of the area has tripled over the last decade and now stands at over 86,648,000 SF of space. Citywide industrial vacancy was at 5.5% in the 2nd quarter of 2005 according to Restrepo/Colliers Consulting. Net absorption in that quarter was a positive 2,997,958 SF.

The proposed project is located in the Southwest submarket which consists of 24,646,000 SF of industrial space. This area features typically higher rent and small distribution facilities. Companies serving the gaming properties, the airport, or the community of Green Valley (western Henderson), one of the most affluent areas of the Valley, typically inhabit industrial submarkets such as the Airport and Southwest and location is the most important factor in their occupancy decision. Vacancy in this submarket stands at 6.4%. There was positive net absorption in the 2nd quarter of 2005 of 752,461 SF.

Projected After Fee Leveraged Internal Rate of Return: 10.7%

NEW ACQUISITION SUMMARY

Advisor/Partnership Name: Buchanan Street Partners

Property Name: Colonial Multifamily Portfolio

City, State: Dallas, Austin & San Antonio, Texas

Ownership: McDowell Buchanan Partners II, LLC

Acquisition Date: October 6, 2005

Total Project Size: 8 Multifamily Projects (2,458 Units)

Net rentable area sf: 1,965,726 combined sf

Gross Purchase Price:*\$19,568,223

Property Highlights/Investment Summary:

Consists of eight, class B properties (2,458 units) built from 1978 to 1986 located in the Dallas-Fort Worth, San Antonio and Austin areas.

The assets collectively sit on 60.62 acres of land and have a combined rentable square footage of 1,965,726.

Typical amenity packages include clubhouse, pool, fitness center, BBQ/picnic areas, in-unit washer/dryer and/or onsite laundry facilities.

Property was acquired through an off-market transaction at a price of \$40K/unit, estimated to be 10% below market.

Plan to invest \$5.5 million (\$2,255 per unit) in select interior upgrades and exterior renovations, including painting, gated entry installation, and other landscaping work.

Reposition property from Class B to Class B+, reduce loss-to-lease and increase rents.

After increasing NOI by a projected \$1.6 million sell the Portfolio in bulk at the end of Year 5.

Estimated After Fee Internal Rate of Return: 16.3%

*Represents CalPERS' share only

NEW ACQUISITION SUMMARY

Advisor/Partnership Name: LaSalle Investment Management

Property Name: 7040 East 56th Avenue

City, State: Commerce City, Colorado

Ownership: CalEast NAT, LLC

Acquisition Date: October 28, 2005

Total Project Size: 19,680 square feet

Project Purchase Price: \$ 1,850,000

Property Highlights/Investment Summary:

The terminal is located in an established industrial park just north of downtown Denver. This infill location is close in proximity to a number of major interstates, including I-70 and I-25. I-70 runs east and west and provides direct access to Denver International Airport. This location is a hub for LTL carriers in the Denver market. According to our third party research consultant, Research Associates, the competitive set consists of 26 terminals ranging in size from 18 to 72 doors. The current vacancy rate within the competitive set is 5.4%.

Projected After Fee Leveraged Internal Rate of Return: 9.5%

INTERNAL PROGRAMS
Alternative Investment Management (AIM) Program
Transactions - November 2005

Partnerships	Date	Transaction	Amount
ABS Capital Partners IV	11.9.05	Capital call	\$4,679,056.00
Apollo V	11.28.05	Capital call	\$9,368,863.00
Ares Corporate Opportunities	11.18.05	Capital call	\$10,186,418.11
Blackstone GT Communications	11.16.05	Capital call	\$2,035,267.00
Blackstone Capital Partners IV	11.14.05	Capital call	\$3,353,571.00
Blum Strategic Partners III	11.7.05	Capital call	\$3,083,882.00
Bridgepoint Europe II	11.10.05	Capital call	\$5,446,049.00
Candover 2001	11.10.05	Capital call	\$834,438.00
	11.17.05	Capital call	\$2,656,886.00
Carlyle Europe Real Estate	11.28.05	Capital call	\$1,157,472.00
Carlyle Partners III	11.7.05	Capital call	\$2,212,872.00
Carlyle Partners IV	11.17.05	Capital call	\$14,522,817.00
Carlyle Mexico	11.29.05	Capital call	\$10,097,913.00
Carlyle Riverstone III	11.15.05	Capital call	\$774,592.00
California Emerging Ventures	11.9.05	Capital call	\$47,949,600.00
	11.29.05	Capital call	\$477,500.00
California Emerging Ventures II	11.4.05	Capital call	\$1,650,410.00
	11.18.05	Capital call	\$791,125.00
	11.22.05	Capital call	\$1,500,190.00
	11.28.05	Capital call	\$4,025,000.00
California Emerging Ventures III	11.3.05	Capital call	\$1,209,500.00
	11.14.05	Capital call	\$230,500.00
	11.22.05	Capital call	\$3,456,000.00
	11.30.05	Capital call	\$1,131,900.00
CVC Asia Pacific II	11.17.05	Capital call	\$4,146,932.36
Emergence Capital	11.3.05	Capital call	\$1,875,000.00

INTERNAL PROGRAMS
Alternative Investment Management (AIM) Program
Transactions - November 2005

Partnerships	Date	Transaction	Amount
FFC III	11.21.05	Capital call	\$665,763.00
Flagship Ventures Fund 2004	11.8.05	Capital call	\$625,000.00
Francisco Partners	11.28.05	Capital call	\$1,500,000.00
Gleacher Mezzanine	11.17.05	Capital call	\$337,500.00
	11.29.05	Capital call	\$1,848,599.00
Healthpoint Capital	11.4.05	Capital call	\$500,000.00
Hellman & Friedman Capital Partners IV	11.30.05	Capital call	\$4,054,512.00
ICV II	11.28.05	Capital call	\$169,890.41
Insight Venture Partners V	11.14.05	Capital call	\$1,462,500.00
Institutional Venture Partners XI	11.16.05	Capital call	\$1,250,000.00
KKR European I	11.29.05	Capital call	\$6,486,523.00
KKR European II	11.29.05	Capital call	\$7,573,798.00
KKR Millennium	11.18.05	Capital call	\$14,820,000.00
KKR Millennium [Overseas]	11.29.05	Capital call	\$2,658,000.00
Landmark XI	11.4.05	Capital call	\$119,816.00
Lexington V	11.16.05	Capital call	\$1,511,984.00
Nogales I	11.29.05	Capital call	\$795,109.31
OCM Principal Opportunity III	11.14.05	Capital call	\$3,000,000.00
Opportunity Capital IV	11.29.05	Capital call	\$92,813.00
Perseus-Soros Biopharma II	11.21.05	Capital call	\$515,630.00
Pinnacle II-B	11.18.05	Capital call	\$544,779.00
Providence Equity Offshore V	11.28.05	Capital call	\$14,529,822.00
Quadrangle II	11.1.05	Capital call	\$9,374,842.00
RFG Private Equity 1-A	11.30.05	Capital call	\$270,597.00
RFG Private Equity 1-C	11.30.05	Capital call	\$119,994.00
Silver Lake II	11.23.05	Capital call	\$5,701,394.44
Silver Lake II [Cayman]	11.23.05	Capital call	\$18,120,324.17

INTERNAL PROGRAMS
Alternative Investment Management (AIM) Program
Transactions - November 2005

Partnerships	Date	Transaction	Amount
Silver Lake II [TSA]	11.23.05	Capital call	\$4,256,404.01
Thailand Partners	11.17.05	Capital call	\$3,761,811.02
Thomas Weisel Healthcare	11.15.05	Capital call	\$652,500.00
Thomas Weisel II	11.4.05	Capital call	\$873,977.00
TPG Ventures	11.17.05	Capital call	\$4,261,127.00
TPG Ventures Holdings	11.17.05	Capital call	\$440,297.00
United States Power II	11.23.05	Capital call	\$3,538,446.00
Welsh Carson IX	11.7.05	Capital call	\$1,250,000.00
Welsh Carson X	11.15.05	Capital call	\$3,500,000.00
TOTAL CAPITAL CALLS			\$260,037,505.83
TOTAL DISTRIBUTIONS			\$227,490,182.07

INTERNAL PROGRAMS		
Alternative Investment Management (AIM) Program		
Summary of Investments Completed Under Delegated Authority		
Item	Name of Investment	Commitment
Attachment 1	Carlyle Asia Growth Partners III, L.P.	\$30 million
Attachment 2	DFJ Element, L.P.	20% of the Fund, up to \$30 million
Attachment 3	Rockport Capital Partners II, L.P.	\$15 million

**Alternative Investment Management Program
Executive Summary of Action Taken
Under Delegation of Authority**

Carlyle Asia Growth Partners III, L.P.

Action:

Commit \$30 million to Carlyle Asia Growth Partners III, L.P. (the “Fund”)

Background:

Founded in 1987, The Carlyle Group (“Carlyle” or the “Firm”) is raising its third institutional pan-Asian venture and growth equity fund with a targeted fund size of \$350 million. The Fund will acquire significant minority positions in mostly non-leveraged transactions in emerging companies primarily in China, India, Japan, and South Korea. The Fund’s investments will range between \$5 million and \$35 million in equity capital across high growth industry sectors. The Firm employs 17 investment professionals in its Asia Growth team and operates out of its offices in Beijing, Hong Kong, Mumbai, Seoul, Shanghai, and Tokyo.

The Fund held its first closing in December 2005 of \$201 million of commitments. It is expected that the final closing will occur in March 2006.

Key Principal:

- **Wayne Tsou, Managing Director and Group Head.** Prior to joining Carlyle, Mr. Tsou worked for seven years at Warburg Pincus, where he was head of technology investments for Asia including Japan and a member of Warburg Pincus’s Global Information Technology Group and Global Communications Group. Prior to Warburg Pincus, Mr. Tsou worked at Morgan Stanley and Lazard Frères, and Bellcore. Mr. Tsou earned a Juris Doctorate from the Harvard Law School, an MBA from the Harvard Business School, a Master of Science in Electrical Engineering from the California Institute of Technology, and a Bachelor of Science summa cum laude in Electrical Engineering from the University of Michigan. He is a native of Shanghai.

Analysis:

- **The overall economic outlook for Asia-based investment opportunities appears very strong.** Asia, particularly China and India, has some of the highest GDP growth rates in the world. Given Carlyle's geographic orientation, the Firm will be able to take advantage of the region's promising growth prospects.
- **The Firm has a global presence and is a global leader in private equity, which will provide a unique and global perspective.** Carlyle has more than 600 employees located in 14 countries. The Firm has built an extensive worldwide network of people, relationships, and investors. The Fund will be able to leverage the Carlyle network for the benefit of deal sourcing and creation, exit opportunities, co-investment opportunities, and to access significant human capital resources.
- **Carlyle has generated strong aggregate investment performance across its two pan-Asian venture and growth equity funds.** Through both Fund I and II, the Firm has proven to be a top-quartile performer when compared to industry benchmarks.

Litigation:

According to Carlyle, there is no current, threatened, or pending litigation against the Firm that may have an adverse effect on the Fund.

Delegation Resolution Compliance:

This decision complies with CalPERS Delegation No: 00-02 BD (A)1(f).

Due Diligence Report:

Staff has received a Due Diligence Report on this transaction from LP Capital Advisors.

**Alternative Investment Management Program
Executive Summary of Action Taken
Under Delegation of Authority**

DFJ Element, L.P.

Action:

Commit 20% of the Fund, up to \$30 million, to DFJ Element, L.P. (the "Fund").

Background:

Element Venture Partners, LLC ("Element" or the "Firm"), in partnership with Draper Fisher Jurvetson ("DFJ"), is forming the Fund with a target fund size of \$150 million and a primary investment focus on clean technology businesses. Element was formed by investment professionals from Advent International and Enertech Capital Partners who have more than 60 years of cleantech investment experience. CalPERS' commitment to the Fund comes from the \$200 million allocation to the CalPERS Environmental Technology Program, which was approved by the Investment Committee in March 2004. The Firm employs six investment professionals and operates out of offices in Radnor, PA and Menlo Park, CA.

The Firm has closed on commitments totaling \$120 million and anticipates a final fund close by the second quarter of 2006.

Key Principals:

- **David F. Lincoln, Managing Partner.** Prior to founding the Firm, Mr. Lincoln was a co-founder and Managing Director of Enertech Capital Partners. Prior to forming Enertech, David founded and served as President and CEO of Deven Resources, Inc. Prior to Deven, he worked at CMS Companies and UGI Corporation. Mr. Lincoln received his BA degree with honors in Geology from Colgate University and an MS degree in Energy Management and Policy from the University of Pennsylvania.
- **John J. Rockwell, Managing Director.** Prior to joining the Firm, Mr. Rockwell was a Partner at Advent International and managed the firm's California office. Prior to Advent, John worked at Materia Ventures Associates, Luxar Corporation, SSC, Inc., and 3M Corporation. Mr. Rockwell received his BS degree in Business Administration from Michigan Technological University and an MBA degree from the University of Minnesota's Carlson School of Management.

- **Michael J. Bevan, Managing Director.** Prior to joining the Firm, Mr. Bevan was a Partner at Advent International. Prior to Advent, Mr. Bevan was a Principal at Enertech Capital Partners and worked at SEI Investments Co. Michael received his BA degree in English from Denison University and an MBA degree from the Wharton School.
- **Lindsay J. Pike, Managing Director.** Prior to joining the Firm, Ms. Pike was a Partner at Advent International. Prior to Advent, she worked at Venture Economics. Ms. Pike received her BA degree in English from Middlebury College.
- **Timothy L. Newell, Managing Director.** Prior to joining the Firm, Mr. Newell founded Broadview Investments, an advisory firm specializing in companies pursuing investments in regulated industries. Prior to Broadview, Mr. Newell was COO of Olympius Capital, Managing Director and Head of Investment Banking at E*Offering, and a Vice President at Robertson Stephens. Mr. Newell received his BA degree in Economics from Brown University.

Analysis:

- **CalPERS has identified cleantech as an emerging sector opportunity and, over the years, Element has established a strong reputation for investing in the sector.**
- **Element has an experienced team that is well positioned to execute the Fund's investment strategy.** Element's investment professionals collectively have over 100 years of investment experience, including more than 60 years of combined cleantech investment experience. In addition, they possess a combination of investment, technical, operational, and governmental expertise that will be value-added to their portfolio companies.
- **The partnership with DFJ will give the Firm access to DFJ's resources and contacts, which is expected to provide a clear level of differentiation.** Element's partnership with DFJ is expected to bring the Fund greater awareness and traction in the marketplace, the opportunity to access DFJ's global network of resources and contacts, additional deal sources, and investment committee participation and oversight.

Litigation:

According to Element, there is no current, threatened, or pending litigation against the Firm that may have a material adverse effect on the Fund.

Delegation Resolution Compliance:

This decision complies with CalPERS Delegation No: 00-02 BD (A)1(f).

Due Diligence Report:

Staff has received a Due Diligence Report on this transaction from Pacific Corporate Group.

**Alternative Investment Management Program
Executive Summary of Action Taken
Under Delegation of Authority**

Rockport Capital Partners II, L.P.

Action:

Commit \$15 million to Rockport Capital Partners II, L.P. (the "Fund").

Background:

Rockport Capital Partners, LLC ("RCP" or the "Firm") was founded in 2001 and is affiliated with Rockport Partners, a merchant bank specializing in the energy and environmental sectors. The Firm brings together a seasoned group of partners who collectively have over 90 years of experience in its investment sectors. The Fund will make investments ranging from \$1 million to \$10 million across all stages in the rapidly expanding sectors of energy and power technologies, advanced materials and process and prevention technologies. The Fund commitment comes from the \$200 million allocation to the CalPERS Environmental Technology Program, which was approved by the Investment Committee in March 2004. The Firm employs eight investment professionals and operates out of its offices in Boston, MA.

The Firm closed the Fund with \$261.15 million of aggregate commitments in January 2006.

Key Principals:

- **William James, Managing General Partner.** Prior to joining the Firm, Mr. James was a Founding Partner of Rockport Partners. Prior to Rockport Partners, he was Chairman and Co-Founder of Citizens Power LLC and Chairman and CEO of Citizens Corporation. Mr. James is a graduate of Colorado College.
- **Janet James, General Partner and Chief Financial Officer.** Prior to joining the Firm, Ms. James was President of Citizens Gas Supply Corporation and Executive Vice President and CFO of Citizens Corporation. Prior to Citizens Corporation, she worked at Bank of America, Citibank, and Banque Paribas. Ms. James received her BA in Government from Dartmouth College and an MBA in Finance from Columbia University.

- **Alexander Ellis III, General Partner.** Prior to joining the Firm, Mr. Ellis joined Rockport Partners and assisted the merchant bank in forming its venture activities. Prior to Rockport Partners, he worked Casco Bay Energy Company, LLC, Acadia Bay Energy Company, LLC, and Kenetech Corporation. Mr. Ellis received his BA from Colorado College and an MBA from the Yale School of Management.
- **Charles J. McDermott, General Partner.** Prior to joining the Firm, Mr. McDermott worked Vice President at Waste Management, Inc. and was Manager of Project Development at Citizens Energy Corporation. Mr. McDermott studied at Yale University.
- **David J. Prend, Managing General Partner.** Prior to joining the Firm, Mr. Prend co-founded Rockport Partners and its venture practice. Prior to Rockport Partners, Mr. Prend was a Managing Director at Salomon Brothers and worked at Shearson Lehman and Amoco. Mr. Prend received his BS in Civil Engineering from the University of California at Berkeley and an MBA from Harvard Business School.
- **Stoddard Wilson, General Partner.** Prior to joining the Firm, Mr. Wilson joined Rockport Partners and assisted the merchant bank in forming its venture activities. Prior to Rockport Partners, he worked at Montague Corporation and Wilbraham & Monson Academy. Mr. Wilson received a BA in History and Economics from Brown University and an MBA from Harvard Business School.

Analysis:

- **CalPERS has identified cleantech as an emerging sector opportunity and, over the years, RCP has established a strong reputation for investing in the sector.**
- **The General Partner has assembled a team of individuals that possess synergistic skill sets that is conducive for its style of investing.** The RCP investment professionals possess extensive technical, operational, entrepreneurial, and investment experience in energy and related industries, all of which are vital to the early stage venture capital investment process.
- **The General Partner has built an experienced, cohesive team of investment professionals with very little turnover.** The investment professionals have been with RCP since 1998 with only one partner departing to pursue a different career. Since the 1980s, most of the investment professionals have worked with each other in various capacities at the Firm and Rockport Partners.

Litigation:

According to RCP, there is no current, threatened, or pending litigation against the Firm that may have a material adverse effect on the Fund.

Delegation Resolution Compliance:

This decision complies with CalPERS Delegation No: 00-02 BD (A)1(e).

Due Diligence Report:

Staff has received a Due Diligence Report on this transaction from Pacific Corporate Group.

INTERNAL PROGRAMS		
Risk Managed Absolute Return Strategies (RMARS) Program		
Summary of Investments Completed Under Delegated Authority		
Item	Name of Investment	Initial Contribution
Attachment 1	O'Connor Global Quantitative Equity, LLC	\$50 million
Attachment 2	The 32 Capital Fund, LLC	\$50 million

**Risk Managed Absolute Return Strategies (RMARS) Program
Executive Summary of Action Taken
Under Delegation of Authority**

O'Connor Global Quantitative Equity, LLC

Action:

Initial contribution of \$50 million to O'Connor Global Quantitative Equity, LLC (the "Fund") on November 1, 2005.

Background:

O'Connor and Associates was founded in 1977 as a private partnership specializing in derivatives trading and market making. It was acquired in 1991 by Swiss Bank Co. (SBC) as a trading platform for the bank. SBC merged with Union Bank of Switzerland to form UBS AG in 1998, and thus creating the O'Connor multi-manager team. In 2002 O'Connor launched their global equity market neutral quantitative long/short strategy which was managed as a separate account for UBS. In 2003 UBS created the Alternative and Quantitative (A&Q) Investment platform, and the global quantitative equity fund was offered as an investment vehicle. O'Connor is wholly owned by UBS AG and manages \$5.6 billion (as of January 2005) with over 170 professionals worldwide.

The Global Quantitative Equity fund (GQE) is a global equity market neutral, research intensive, quantitatively driven product that invests in 22 developed equity markets covering Asia, North America and Europe. The fund seeks to generate stable, absolute returns by capturing security mispricings across the 24 Morgan Stanley Capital International (MSCI) defined industries in each of the 22 MSCI defined countries. It utilizes a Cross Industry, Cross Country Allocations (CICCA) approach coupled with proprietary quantitative forecast models to generate investment opportunities.

Key Principals:

- **Stefano Cavaglia, Managing Director, Head of Quantitative Strategies.** Upon joining UBS Global Asset Management in 1998, he led the research and the implementation of the Cross Industry, Cross Country approach to global equity portfolio construction, and he managed the firm's academic advisory board. He also provides quantitative inputs to the fixed income and risk management teams. Since May 2002, he has been co-managing the firm's quantitatively based global equity long/short strategy.

Prior to joining UBS Global Asset Management he worked at PanAgora Asset Management in Boston, MA where he co-managed the global equities and currency overlay products over the 1995-1998 period. Previously, he was an assistant professor at City University Business School (1992-1995) and an economist at the Organization for Economic Cooperation and Development in Paris, France (1989-1992). Mr. Cavaglia earned a B.Sc in Economics, Finance, and Operations Research from McGill University in 1982, a M.B.A. from University of California at Berkeley in 1983, and a Ph.D. in Finance from the University of Chicago in 1990.

- **Sonia de Zordo, Director, Quantitative Strategist.** Sonia transferred from UBS Wealth Management Switzerland, where she had been analyzing and evaluating structured products as well as modeling corporate and high yield bonds. Since May 2003 she has been supporting the management of the firm's quantitatively based global equity long/short strategy. Prior to joining UBS, Ms. Zordo worked at Fideuram Capital in Milan where she developed forecasting models to support the firm's asset allocation decisions. Previously, she worked at Eptasim and CFS Economics. She earned a M.Sc in Finance and Econometrics from Luigi Bocconi University in 1998, and is currently completing her Doctoral thesis in Finance at University of Zurich.
- **Malcolm Hawkes, Director, Quantitative Strategist.** Malcolm joined the Quantitative Strategist Team in November 2003. Prior to joining UBS, Dr. Hawkes worked at Ronin Capital, LLC in Chicago for the High Frequency Trading Group where he was responsible for developing quantitatively based pairs trading strategies for US equities. Previously, he was a visiting scholar at the University of Illinois and at the GEC Marconi Research Center, UK. He earned a B.Sc from Cambridge University in Electrical and Information Sciences in 1992, a M.Sc in Applied Statistics from Oxford University in 1993, and a Ph.D. in electrical engineering from Yale University in 2000.

Analysis:

- **The Fund's investment professionals have significant depth and experience.** The strategy is headed by Stefano Cavaglia who helped pioneer the Cross Industry, Cross Country approach to global equity portfolio management. Stefano is widely known for his quantitative research and articles on quantitative theory and applications.
- **The Fund has an established track record of success.** The Fund has generated consistent positive low-volatility returns over the life of the Fund. The inclusion of the Fund in the RMARS Program is expected to reduce the overall RMARS Program risk level and raise the expected risk-adjusted return.

- **The Fund is part of the large and stable UBS O'Connor institution.** The Fund is able to leverage the UBS global platform which has developed back office systems and advanced trading capabilities.

Litigation:

According to UBS O'Connor, there is no current, threatened, or pending litigation against the Firm that may have an adverse affect on the Fund.

Delegation Resolution Compliance:

This decision complies with CalPERS Delegation Nos. 89-13 and 95-50.

Due Diligence Report:

Staff has received a Due Diligence Report on this transaction from Pacific Alternative Asset Management Company.

ATTACHMENT 2

Risk Managed Absolute Return Strategies (RMARS) Program Executive Summary of Action Taken Under Delegation of Authority

The 32 Capital Fund, LLC

Action:

Initial contribution of \$50 million to The 32 Capital Fund, LLC. (the "Fund") on November 1, 2005.

Background:

The investment manager of the Fund is Barclays Global Investors, N.A. (BGI), a U.S. national banking association and wholly-owned subsidiary of Barclays Bank PLC, a British bank. BGI is one of the world's largest institutional managers with active equity investments strategies in more than a dozen countries. A global enterprise, BGI manages more than \$1 trillion in assets for over 2600 clients in 46 countries around the world.

The Fund seeks to generate stable, absolute returns by combining return streams from a set of uncorrelated market segments. Assets are allocated across the following market neutral strategies: large/small cap U.S., Asia, Canada, Europe, and Japan. It uses an alpha security selection model to generate dollar-matched and beta-matched long and short positions while remaining market and style neutral. The portfolio is constructed by simultaneously combining valuation criteria, transaction cost, and market impact estimates with risk and style attributes to arrive at an optimal portfolio which is comprised of 2,000 names.

Key Principals:

- **Richard C. Grinold, Director, Advanced Strategies & Research Group, Managing Director.** Mr. Grinold leads the Advanced Strategies & Research Group, which is responsible for the development of BGI value-added strategies in the asset allocation, equity and fixed income areas. Prior to joining BGI, Mr. Grinold spent 14 years at BARRA, Inc. where he served as Director of Research, Executive Vice President and President. He is widely known in the industry for his pioneering work in risk models, portfolio optimization, international investing and quantitative approaches to active management. Mr. Grinold spent 20 years on the faculty of the University of California at Berkeley where he served as Chairman of the Finance Faculty,

Chairman of the Management Science Faculty and Director of the University's Finance Program. Mr. Grinold received a B.S. in Physics from Tufts University, and a M.S. and Ph.D. in Operations Research from the University of California at Berkeley. He also served as navigator of the USS Gainard DD-706 and helped to install the Harvard-MIT-Cambridge Electron Accelerator.

- **Ronald N. Kahn, Head of Active Equities, Managing Director.** Mr. Kahn heads BGI's Active Equities activities in San Francisco, including all U.S. equity investments, Japan and Canada equity research, and international tilts managed in San Francisco. He is a well-known expert on portfolio management, risk modeling and quantitative analysis. Prior to joining BGI, Mr. Kahn spent over seven years as Director of Research with BARRA, Inc. where his research spanned the equity and fixed income markets both in the U.S. and globally. He has published numerous articles on investment management, and he ran the BARRA Research seminars for many years. He co-authored with Mr. Grinold the influential book, *Active Portfolio Management: Quantitative Theory and Applications*. He developed and has taught the course "How to Research Active Strategies" to hundreds of investment professionals around the world. He serves on the editorial boards of the *Journal of Portfolio Management* and the *Journal of Investment Consulting*. Mr. Kahn received a Ph.D. in Physics from Harvard University in 1985; an A.B. in Physics, summa cum laude, from Princeton University in 1978, and was a post-doctoral fellow in Physics at the University of California at Berkeley.
- **Asriel (Uzi) Levin, Lead Portfolio Manager, Principal.** Mr. Levin heads the U.S. long/short strategy group and is lead portfolio manager for the fund. Before joining BGI, Mr. Levin was a senior research scientist at the Oregon Graduate Institute, where his research concerned the application of nonlinear statistical techniques to financial and economic forecasting. Mr. Levin received a B.S. in Physics and Electrical Engineering from the Technion in Israel and his M.S. and Ph.D. in Electrical Engineering from Yale University.

Analysis:

- **The Fund has deep experience and expertise in the investment industry.** The Fund is led by a team of senior investment professionals that have deep and extensive experience on active portfolio management, risk modeling and quantitative research.
- **The Fund has produced an attractive track record.** Consistent with the Fund's investment objective, the Fund has generated strong returns with low correlation to the returns of other asset classes. In addition, the Fund has low to negative correlation to the funds within the RMARS Program. As a result, the Fund is expected to improve the RMARS Program's risk-adjusted return profile.

- **The Fund is part of the global BGI organization.** The Fund has access to deep local market knowledge which is shared and leveraged globally. The organization has sophisticated risk control systems and advanced trading capabilities.

Litigation:

According to BGI, there is no current, threatened, or pending litigation against the Firm that may have an adverse affect on the Fund.

Delegation Resolution Compliance:

This investment complies with CalPERS Delegation Nos. 89-13 and 95-50.

Due Diligence Report:

Staff has received a Due Diligence Report on this transaction from UBS.